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Thursday, September 14, 1916.

There is always a point at which people stop thinking about the stock market and abandon themselves to the feeling of it. The sense of values is then utterly lost, and speculation proceeds in a headlong manner to its climax. That is pure folly and deserves its fate. But here is a situation in which people act by feeling, not because they prefer that mode of conduct, but because thinking fails. The sense of values is gone. It was not voluntarily abandoned. It was swamped. "From now on," says a house that still obeys the conservative instinct, "there will be more profit made from the study of facts than from putting confidence in every rumor." But what can one do with the facts? Rumors seem cheap and tawdry beside the facts. Fancy the price of Bethlehem Steel being affected by rumors of a deal! The stock is earning somewhere between \$200 and \$300 a share, possibly more. Until the war it had never received a dividend. People repeat rumors only by force of habit, without hearing them really. The facts are not in the least needed to account for a sensational rise in the price of this or that corporation, which, having paid off all money borrowed, having redeemed as much of its funded debt as it could lay hands upon, and having availed itself of discounts for cash on all purchases of material, still finds itself in possession of \$20 or \$30 a share profit on the common stock. This has happened to corporations that had resigned themselves to poverty. It has happened to directors to whom the thought of dividends on the preferred stock was a nightmare, and the idea of dividends at any rate on the common would have seemed wild and chimerical. They have spent profits in every other way they could, even on new property as fast as it could be built, and there has been yet an incredible remainder. It is very strange. Now, from the other side the difficulty is to determine what a stock is worth to which something like this has happened. You can't? It may continue to happen for six months, a year, two years, or it may stop in sixty days. What will happen after the war nobody knows. In the mean time, the value of money is falling so fast (that being the converse of the rise in prices) that while the directors hold the profits in their hands, debating what disposition to make of them, they shrink. When prices are rising, money is the worst thing to have. The sooner you exchange it for something else the better. But that is argument aside. The point is that the facts on which people buy and sell stocks are so unrelated to experience that values cannot be rationally constructed. You cannot say what anything is worth. That being true, and credit being cheap and very abundant, there is imminent danger of a speculation on the Stock Exchange so wild and delicious as in itself to become forever unique. It is to be hoped that this will not happen, but there are already symptoms, and unless the bankers can increase the volume of their selling the market may get out of hand unexpectedly.

A rise of more than \$100 a share in the price of General Motors in two days, on transactions of 600 shares, is evidence that the stock is concentrated in so few hands as to be practically cornered, which is a condition that might forbid its remaining listed. The fluctuations are without intrinsic meaning. A stock cannot be worth \$100 per share more on Thursday than on Tuesday except for purposes of exploitation. It is easy to guess why the price of General Motors is being marked up in this way. It is to establish a basis of valuation for the new shares to be exchanged for these, in the proportion of perhaps ten to one; and the reason for increasing the shares tenfold is to reduce the selling price per share, so that people can afford to speculate in it on margin with brokers.

There is reason to believe that the campaign now being conducted on the bull side of United States Steel common was very skillfully planned. On a perpendicular rise of more than 20 points there has been no evidence of foreign liquidation, and yet there had been a very large amount of Steel common in Great Britain, none of which turned up in the collateral pawned here to secure the last \$250,000,000 British loan. Prior to that transaction it was rumored in Wall Street that 500,000 shares of Steel common had been taken over from foreign holders by a Mor-

gan syndicate, on private terms; this report was ornamented by the suggestion that the stock would be turned over to the United States Steel Corporation at cost and distributed by it to the common shareholders as a 10 per cent dividend out of war profits. Whether any of this be true or not, it is a fairly competent deduction that before this rise began in Steel common something was done to remove from the market the overhanging weight of foreign holdings.

A new method of taxation has been discovered in Austria-Hungary, where railroad freight rates will be raised to increase the government's revenues. The increase proposed is 20 per cent. It would affect both the roads owned by the state and those privately operated, the only difference being that in one case the money would flow directly into the public treasury, whereas in the case of the private roads it would have to be taxed away from them. No indirect tax perhaps could be levied more fairly. Every one consumes transportation, more or less according to his means.

Money and Credit

Money on call at the New York Stock Exchange was slightly easier. Most of the loans were placed at 2½ per cent, compared with 3 per cent the day preceding.

Renewed firmness marks trading in time money. As the result of a growing demand for industrial money, the rate for over the year commitments has been marked up to 4½ per cent, at which transactions are being made. Mixed money shows no quotable change, the rates being 3½ per cent for sixty days, 3¼ per cent for ninety days, 3¼ per cent for four months, 3¼ per cent for six months.

Commercial Paper.—A firmer feeling prevails in commercial paper circles. Institutions are inclined to hold off for higher rates. Transactions, however, are being made at the former rates of 3½ per cent for prime regular maturities.

Official rates of discount at each of the twelve Federal districts are as follows:

	10d.	30d.	60d.	90d.
Boston.....	3	4	4	4
New York.....	3	4	4	4
Philadelphia.....	3½	4	4	4
Cleveland.....	3½	4	4½	4½
Richmond.....	4	4	4	4
Atlanta.....	4	4	4	4
Chicago.....	3½	4	4	4½
St. Louis.....	3	4	4	4
Minneapolis.....	4	4	4	4½
Kansas City.....	4½	4½	4½	4½
Dallas.....	4	4	4	4
San Francisco.....	3	3½	4	4½

Bank Exchanges.—The day's clearings at New York and other cities:

	Exchanges.	Balances.
New York.....	\$561,324,909	\$29,095,359
Baltimore.....	8,303,213	637,579
Boston.....	31,880,795	3,707,350
Chicago.....	100,949,817	6,120,835
Philadelphia.....	43,938,658	5,472,824
St. Louis.....	17,621,697	1,971,235

Sub-Treasury.—New York banks gained from the Sub-Treasury \$12,651,000.

Silver.—Bars in London, 22½ pence. Bars in New York, 68½ cents. Mexican dollars, 62½¢@55¢.

Bank of England.—The weekly statement shows a decrease in gold coin and bullion holdings of \$445,850. Proportion of reserve to liabilities is now 23.8 per cent, against 23.86 last week. Other changes reported for the present week follow:

	1916.	1915.
Gold.....	\$54,796,043	\$63,737,837
Reserve.....	37,124,000	50,672,492
Notes reserved.....	35,397,000	50,234,825
Notes in circulation.....	143,000	143,000
Public deposits.....	Inc. 6,928,000	
Other deposits.....	Dec. 8,710,000	
Other securities.....	Dec. 1,279,000	

The detailed statement compares as follows with the same week a year ago:

	1916.	1915.
Gold.....	\$54,796,043	\$63,737,837
Reserve.....	37,124,000	50,672,492
Notes reserved.....	35,397,000	50,234,825
Res. to liabilities.....	23½%	23½%
Circulation.....	34,708,000	31,515,345
Public deposits.....	19,148,000	12,174,686
Other deposits.....	96,378,000	90,168,083
Gov. securities.....	42,187,000	34,918,357
Other securities.....	94,461,000	144,954,906

Bank of France.—The Bank, in its weekly statement to-day, reports the following changes for the week:

	France.
Gold holdings.....	Inc. 4,270,000
Silver holdings.....	Inc. 781,000
Notes in circulation.....	Inc. 3,797,000
General deposits.....	Inc. 24,144,000
Bills discounted.....	Dec. 6,513,000
Treasury deposits.....	Inc. 35,061,000
Advances.....	Dec. 1,600,000

Gold Movements.—A consignment of \$10,000,000 in gold from Canada arrived at Philadelphia for the account of J. P. Morgan & Co., making \$75,000,000 that has gone there since the current movement began and \$294,000,000 that has been received in this country altogether since early May. Thus far this week \$25,000,000 in the metal has come from Canada. It is presumed that the latest shipment of \$10,000,000 was sent to Philadelphia because the local Assay Office has been literally swamped by

recent arrivals and is having difficulty in taking care of the metal.

The Sub-Treasury transferred \$150,000 to New Orleans yesterday for the account of local banks.

The Dollar in Foreign Exchange

Further improvement was noted in French exchange. Cable francs sold up to 5.84½. The rest of the market was practically unchanged.

	Yesterday.	Week ago.
Sterling, demand.....	4.75½	4.75½
Sterling, sixty days.....	4.71½	4.71½
Sterling, ninety days.....	4.69½	4.69½
Francs, demand.....	5.84½	5.84½
Francs, sixty days.....	5.84½	5.84½
Guillemers, demand.....	40½	40½
Guillemers, sixty days.....	40½	40½
Guillemers, ninety days.....	39½	39½
Reichsmarks, demand.....	69½	69½
Reichsmarks, sixty days.....	69½	69½
Reichsmarks, ninety days.....	69½	69½
Swiss, demand.....	5.32½	5.32½
Swiss, sixty days.....	5.32½	5.32½
Swiss, ninety days.....	5.32½	5.32½
Austrian kronen, chks. 12.00.....	12.10	12.10
Stockholm, kr., chks. 28.70.....	28.10	28.10
Copenhagen, kr., chks. 28.50.....	27.90	27.90
Oslo, chks. 20.15.....	20.15	20.15
Rubles, chks. 31.75.....	32.90	32.90

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity as calculated by the United States Mint:

	Current exchange value.	Intrinsic value.
Pounds, sterling.....	\$4.75½	\$4.86½
Francs.....	0.17	0.19 3
Guillemers.....	0.40½	0.40 2
Reichsmarks.....	0.17 3	0.23 8
Rubles.....	0.31 75	0.32 85
Swiss.....	0.15 5	0.19 3
Crowns (Denmark).....	0.28 50	0.28 8

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling for \$4.75½; the intrinsic parity is \$4.86½ per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

HOLLAND IN
AMERICAN OILLarge Dutch Interests in
California and Oklahoma,
Also in Venezuela.

Amsterdam, Sept. 1.

Several annual reports which appeared lately show how extensive the Dutch interests in the petroleum production of the Western Hemisphere are. The part the Royal Petroleum Company (Koninklijke Petroleum Maatschappij) plays in this territory is far more important than generally known. After reporting to the shareholders about conditions in Netherlands India, New Zealand, Egypt, Russia and Rumania, the directors devote quite a number of pages to California, Oklahoma, Mexico and Venezuela. The California Oil Fields Ltd. is being liquidated and all the property has been taken over by the Shell Company of California.

The latter company is now extending its transport service in order to bring producer and consumer into closer relations. It is increasing its oil lands, having taken options for 280 acres during the past year. New borings will be undertaken at once, especially since the new oil refinery in San Francisco will be ready for use in a short time. It will have a capacity of twenty thousand barrels or more, and is connected with reservoirs of 1,815,000 barrels capacity. The Roxana Petroleum Company of Oklahoma, a subsidiary of the Koninklijke, has undertaken some very profitable borings, which yield oil of good quality. The company decided to erect a new refinery. Notwithstanding the troubles in Mexico, the Dutch Company La Corona, also a subsidiary, is bringing down four new wells. The entire production, however, was only about 564,000 barrels, against 1,940,000 in 1914. This reduction is explained by the continued political troubles in Mexico. The report says that the direct damage the company has sustained is negligible.

Referring to Venezuela the report states: "We are entirely confident that Venezuela offers a great field for us, because all our explorations and borings point to this conclusion. The European war, however, has compelled us to go slowly, because we cannot obtain certain machines and materials which we need. We have taken an option on a majority of the shares of the Venezuelan Oil Concessions Ltd." The company has decided to make Curacao its central shipping point.

The controlling interest in the Union des Petroles d'Oklahoma is undoubtedly in Dutch hands; at any rate the financial editors here devote a great deal of space to the annual report. It says that during the quiet period of last year the technical apparatus of the company had been much improved. Towards the end of the year the demand for the products of the company became much greater, and it was decided to continue the erection of certain new plants, which had been temporarily interrupted. The reservoir capacity has been much enlarged. The gross profits of the company were \$1,466,364. As usual in Dutch companies, the cost for new borings and machinery was written off immediately, and the net profit is declared to be \$5,784,946 francs. The preferred shares receive 10.50 per cent, and the common shares 5 per cent.

GERMANY ADDS
TO GOLD STORENow Totals 2,470,000,000
Marks—Teutons Hold
Greek Bonds.

By ERNST KAHN.

(By Cable via Copenhagen to The Tribune.)

Berlin, September 14.

The gold stock of the Reichsbank is still slowly mounting from week to week, though exports of the metal continue. The imperial institution now holds in its vaults 2,470,000,000 marks of gold, which compares with 1,253,000,000 before the war. Just now the German trade balance appears to be changing, with imports sharply reduced and exports rather maintained.

Greek affairs are being watched closely. Greek loans in German hands total 80,000,000 drachmas (\$15,000,000), interest payments on which are likely to cease in the event that Greece joins the enemy alliance. Greek deposits in Berlin are insignificant.

An agreement has been recently entered into with Switzerland which grants the Swiss further imports of German coal and iron and a free thoroughfare through Germany from neutral countries. It also provides for the exchange of German manufactured articles for Swiss cheese, chocolate and milk.

A substitute has been found for fuel oil, imports of which have been shut off now from Rumania as well as the United States. By a new invention whose practical use has been transferred to two great concerns, oil is now extracted from brown coal and slate. The government during the period of the war has the right to grant the use of new patents to any firm it may designate.

Legislation is under consideration which, if enacted, would obligate German corporations and firms to employ a certain percentage of invalid workmen who have become permanently crippled in the service of the empire.

SEVEN-CENT BREAK
IN PRICE OF WHEATA Suspicion That It Was Due to
Very Uneconomic Causes.

Chicago, Sept. 14.—The Board of Trade had a remarkably lively session after luncheon to-day. The pit was flooded with selling orders and prices dropped with sensational rapidity, the demoralization exceeding anything seen for many years, barring the 11 cent break that occurred on August 28. In this instance there was a perpendicular drop of exactly 7 cents on December contracts, the most active delivery, while September lost 5½ cents, and May 6½ cents.

According to some astute market followers this remarkable fall was almost wholly the result of so-called "strong arm" work on the part of some of the leading trade houses in the West, who would like to see a much lower price level established in order that they might fill their elevators and warehouses on a safer basis. At any rate, two remarkable rumors were circulated and after it was all over no one could be found who could confirm either one of them. This latter fact doubtless accounted for a 2 cent rally just before the close.

For one thing, it was claimed that Sweden was about to join in the great war. No one seemed to know which side she would join, but this made no difference to the sellers. It was argued that peace would come sooner if Sweden joined the Entente Allies, but the reverse would be true if she joined the Central Powers, and that was the gossip in some quarters.

The second story was that a Western cash house had bought several cargoes of Argentine wheat, claiming that it could be delivered at Galveston at lower prices than our own hard winter wheat. Needless to say, many traders of long experience were extremely incredulous. They argued that the remarkably high cost of transportation, added to the original cost of the grain, would make the wheat more expensive at our Gulf ports than grain brought down from our winter wheat belt. Moreover, it was argued that even if a few cargoes were bought the total would be "only a drop in the bucket," as a few hundred thousand bushels more or less would make little or no difference in view of the great shortage in this year's crop. There were some, however, who were willing to admit that some of the big Western houses might consider it a good investment to sacrifice a little money on such a transaction, trusting to the sentimental effect of the deal to bring about the drop in values which they so ardently desire. The action of the market after these rumors were circulated seemed to indicate that they were not far wrong in their surmises.

Daily Imports and Exports.

Daily imports and exports of general merchandise at the Port of New York were:

	Imports.	Exports.
Thursday, Sept. 14.....	\$2,370,652	\$2,452,801
Wednesday, Sept. 13.....	2,737,218	3,650,468
Tuesday, Sept. 12.....	2,210,357	7,605,161
Monday, Sept. 11.....	2,737,190	10,671,095
Saturday, Sept. 9.....	1,767,378	6,171,724
Friday, Sept. 8.....	3,378,255	11,999,649
Thursday, Sept. 7.....	4,487,701	13,099,520
Wednesday, Sept. 6.....	7,406,839	17,257,134
Tuesday, Sept. 5.....	6,484,416	18,251,355
Monday, Sept. 4.....	Holiday.	

FRANCE TO GET NEW
\$15,000,000 LOANWill Be in Form of Acceptance
Credits Previously Arranged.

Bonbright & Co., in conjunction with the Bankers Trust Company, are negotiating for a new commercial credit to France. It was understood yesterday that the loan will take a form similar to that of the two \$15,000,000 credits already negotiated by the same group of bankers—a credit against which drafts may be drawn in dollars by French banks, and accepted and discounted by American banks, at a rate which will probably approach 6½ per cent. Provision will be made for several instalments and for renewals, so that the duration of the credit will be one year.

As the proceeds of the drafts are used for the purchase of American products exported to France, they will be available for rediscount at the Federal Reserve banks. The former credits had the sanction and guarantee of the French Republic, through deposit of its one year gold notes, payable in New York. Similar security is expected regarding the present loan. The French Minister of Finance is understood to have already approved the negotiations.

Completion of this loan will bring the total borrowings of France in this country, exclusive of its share of the \$500,000,000 Anglo-French loan, since the beginning of the war up to approximately \$275,000,000. Of this sum \$190,000,000 has been in the form of commercial or acceptance credits. The borrowings of all foreign nations in the United States will be increased to \$1,650,000,000.

NEW CANADIAN
LOAN EXPECTEDTalk of \$50,000,000 Issue
Which May Be Sold Here
Early in 1917.

Another Dominion of Canada loan is expected to be floated in this market early next year. The amount may be \$50,000,000. "The Monetary Times," of Canada, is authority for this statement. It says in a special loan edition just issued:

From April 1, 1916, to March 31, 1917, the Dominion government will raise by way of loans from \$200,000,000 to \$225,000,000. The loan negotiated in New York in March accounted for \$75,000,000. Taking the maximum possible requirements of \$250,000,000, there is still to be raised during the present fiscal year \$150,000,000. Assurances were given by the Federal government in connection with the \$75,000,000 New York loan that no further offering would be made in the United States during the current calendar year.

While Sir Thomas White has made an arrangement by which he can draw upon an authorized credit of \$150,000,000 established by the imperial government, the Dominion government will endeavor to utilize this credit as little as possible, if at all. As we have voluntarily closed the United States money markets against our Federal loans for the remainder of the year 1916, and as we are unlikely to draw upon the credit which the imperial authorities have provided, there will be left to be raised by way of loans in Canada during 1916 and in the United States during the first quarter of 1917, the sum of \$150,000,000.

As the present loan is for \$100,000,000, this leaves a sum of \$50,000,000 still to be raised in order to make up the total loan requirements for the current fiscal year. This loan will probably be raised in New York about March next.

Since the British money markets were closed to Canada and other countries for all except war issues, the United States has been acting as Canada's banker in chief. During the two years of war borrowings in that market have totalled \$291,797,000.

These loans have been divided as follows:

	Loans by United States to Canada.
Aug. 1, '14.....	\$120,000,000
Aug. 1, '15.....	55,327,000
Provincial.....	66,352,000
Municipal.....	66,352,000
Corporation.....	66,352,000
Total.....	\$301,797,000

MERCHANTS' NATIONAL
IN ANOTHER DENIALEdward Holbrook Says He Never
Heard of Becoming President.

Despite previous denials by directors of the Merchants' National Bank that they were in sympathy with a movement favoring change of control, those rumors persist. A report printed yesterday that control had already passed to new interests and that Edward Holbrook, a director and president of